تانية انتظام (ب) عربي Economic حل شيت

هيتسلم يوم الاثنين 03/25

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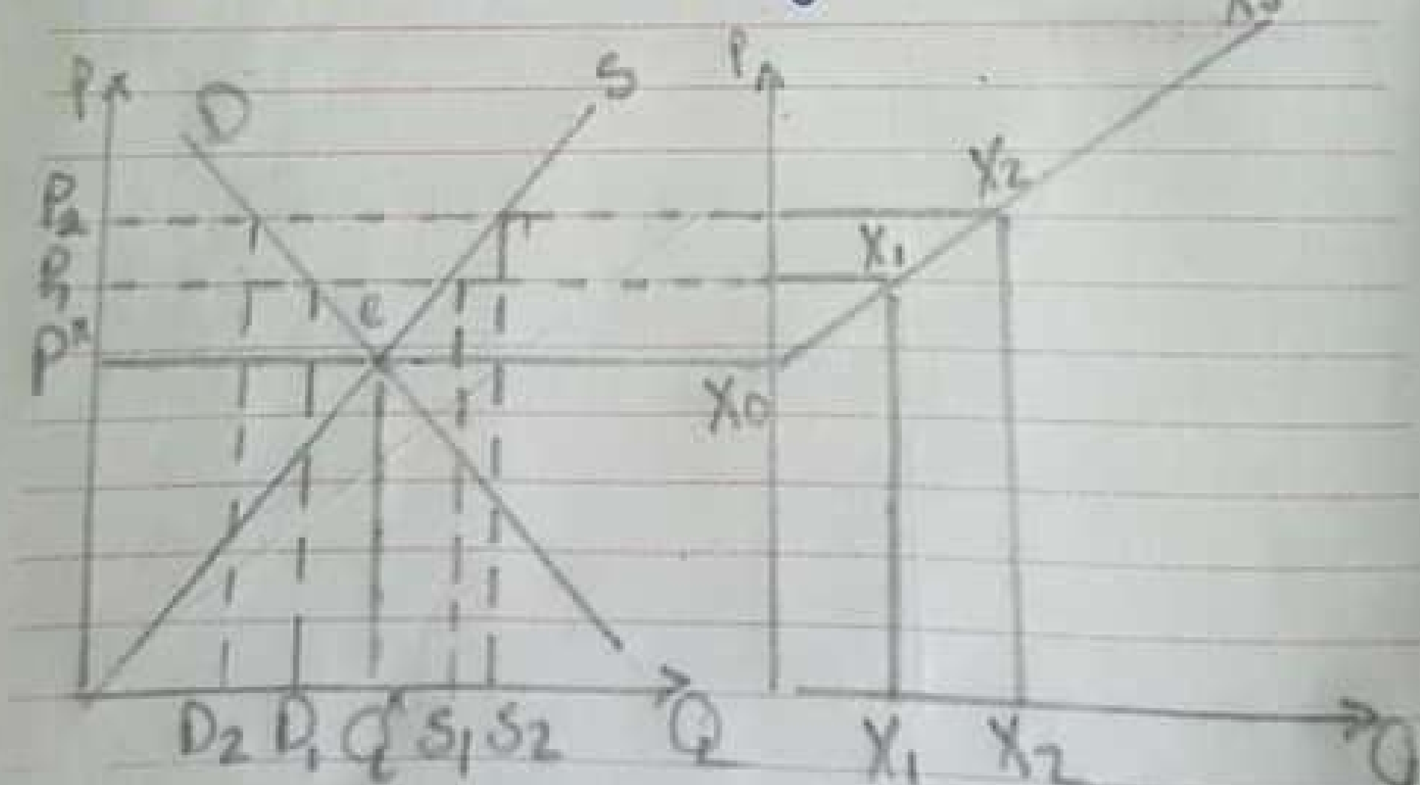
MAHMOUD ALI SAYED

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1) Write short notice about the following terms and statements.

a) Home export supply curve (XS).

XS is derived A* Foreign supply and demand are equal in the absence of trade, so at That price, the foreign export supply Curve crosses zero.
As the price raise the consumers demand Less and the producers supply more. For example at P_1 Foreign consumers demand D_1 while foreign producers supply S_1, so foreign export supply is $(S_1 - D_1)$ If the price raised to P_2 The foreign consumers demand D_2, while foreign producers increase their supply to S_2, so foreign export supply raise to $(S_2 - D_2)$ so the foreign export supply curve (XS) is upward shopping.



b) The world equilibrium.

occurs when home import demand equals foreign export supply.

home import demand equal foreign export supply.

* home demand - home supply = foreign supply foreign demand

* home demand + foreign demand = home supply + foreign supply.

* world demand = world supply.

P

(XS)

E

P*

(MD)

Q*

Q

c) Trade is better than no trade.

The Roll of Trade

Many of the goods and services we enjoy, are produced abroad. The freedom to import and export benefits the citizens of all countries. Trade allows each country to spcialize in what it produces best or more cheaply than other countries and it provides everyone with a greater variety of good and servies

Trade is the exchange of goods and services among people :-

domestic trade or home trade :- The exchange of goods and services among the residents of the same country.

international or foreign trade :- The exchange of goods and services among the residents of one country and the rest of the world.

d) The classical model assumptions.

some simplifying Assumption

①- we Assume that perfect competition in both out put and Factors markets.

②- we Assume that each country has a Fixed endowment of resources.

③- we Assume that technology Cost are Zero

④- we Assume that trans portation Costs are zero

⑤- Assume that Factors of production in put such as Labor and capital completely mobile.

MAHMOUD ALI SYED
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